

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Retail Ground and Parcel Select Ground  
Service Standard Changes, 2022

Docket No. N2022-1

PRESIDING OFFICER'S INFORMATION REQUEST NO. 5  
AND NOTICE OF FILING UNDER SEAL

(Issued April 19, 2022)

Pursuant to Order No. 6124<sup>1</sup> and 39 C.F.R. §§ 3020.117 and 3020.118, the Postal Service is requested to respond to the following questions to clarify the record on its request for an advisory opinion under 39 U.S.C. § 3661(b) regarding Retail Ground (RG) and Parcel Select Ground (PSG) service standard changes.<sup>2</sup> To facilitate inclusion of the requested material in the evidentiary record, the Postal Service shall have a witness attest to the accuracy of the answers. For each question, produce every document (including any calculations, analysis, assumptions, studies, or workpapers) that were used, relied upon, or referenced in preparing the response. Responses shall be provided as soon as they are available, but no later than April 25, 2022.

1. Please refer to Response to POIR No. 3, question 5.e.<sup>3</sup> In its response to question 5.e., the Postal Service states "...there is expected to be no operational or cost impacts on RG or PSG volume that is 1) sent to or from domestic

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<sup>1</sup> Notice and Order on the Postal Service's Request for an Advisory Opinion on Changes in the Nature of Postal Services, March 23, 2022 (Order No. 6124).

<sup>2</sup> United States Postal Service's Request for an Advisory Opinion on Changes in the Nature of Postal Services, March 21, 2022 (Request).

<sup>3</sup> Responses of the United States Postal Service to Questions 1-18 of Presiding Officer's Information Request No. 3, April 15, 2022 (Response to POIR No. 3).

locations outside the contiguous United States or 2) packages containing “HAZMAT” from the proposed service standards.”

- a. Please explain why there would be no operational or cost impact on Retail Ground (RG) or Parcel Select Ground (PSG) volume that are excluded from the proposed service standard change if other RG/PSG volume will no longer share the same transport and operational flow as the excluded RG/PSG pieces.
  - b. Does the Postal Service expect there to be underutilization of surface capacity on ground transport of pieces sent to and from outside the contiguous United States and pieces containing “HAZMAT”? If yes, please provide the estimated percentage of underutilization of surface capacity and discuss why there would be no cost impact on RG or PSG volume that are excluded from the proposed service standard change. If no, please confirm that transportation cost of RG/PSG is entirely volume variable.
2. Please refer to Response to POIR No. 3, question 7. The Postal Service states “[t]he capacity utilization break-even point will differ by OD pairs but, in general, as the density increases, the unit surface costs will fall.” The Postal Service further states “[a]s volume grows, a greater number of OD pairs will have the density to justify surface transportation because it will be less costly than air transportation.” Please provide a timeframe for when the Postal Service expects unit surface costs to fall and for surface transportation to be less costly than air transportation.
3. Please see Attachment, filed under seal.
4. Please see Attachment, filed under seal.
5. Please refer to Response to POIR No. 3, questions 8.b. and 8.c. The Postal Service states “[w]e believe that the benefits identified in response to question 8.a., above, outweigh the risks identified in 8.b. (as well as the small net additional cost), because the benefits are substantial” and then further identifies

one of those benefits as "...additional, contribution-positive volume, which, over time, is expected to improve our ability to move more volume to ground and help increase sustainability of the Postal Service." Given that the planned changes are expected to result in a cost increase and "some diversion from Priority Mail (PM) could occur," please provide the basis for and the calculation that supports the above-referenced statement, specifically, the contribution-positive volume and the projected volume diversion from PM.

6. Please see Attachment, filed under seal.

Michael Kubayanda  
Presiding Officer